May 31, 2013

Honorable Alexander Bwalya Chikwanda, MP
Minister for Finance
Ministry of Finance
P.O. Box 50062
Lusaka, Zambia

Dear Honorable Chikwanda:

**Zambia: Increased Access to Electricity Services Project**

(Credit No. 4446-ZA)

**Amendment to the Financing Agreement and Notice of Cancellation**

We refer to the Financing Agreement (the Agreement) for the above-mentioned Project, dated October 21, 2008 between the Republic of Zambia (the Recipient) and the International Development Association (the Association), as amended. We also refer to your letter dated April 25, 2013, requesting extension of the Closing Date, reallocation of the proceeds of the Financing and cancellation of an amount equivalent to US $ 5,000,000 under Part 2(a) (ii) (B) of the Project.

We are pleased to inform you that the Association concurs with your request. The Association hereby cancels the amount equivalent to US $ 5,000,000 under Part 2(a) (ii) (B) of the Project effective April 25, 2013, and proposes to amend the Agreement as follows.

1. Part 2 (a) (ii) of Schedule 1 to the Agreement is amended by: (i) deleting the word "(A)"; and, (ii) deleting sub-paragraph (B) in its entirety.

2. The table set forth in Section IV. A. 2 of Schedule 2 to the Agreement is deleted in its entirety and replaced with the table set forth in the Annex to this letter.

3. The later date for purposes of Section IV.B.2 of Schedule 2 to the Agreement is “June 30, 2015”.

All other provisions of the Agreement, except as herein amended, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendment by countersigning on the two original copies of this letter and returning one original countersigned copy to us. Upon receipt by the Association of this countersigned copy, this amendment shall become effective as of the date of its countersignature.
Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Kundhavi Kadiresan
Country Director for Zambia Malawi and Zimbabwe
Africa Region

CONFIRMED:

REPUBLIC OF ZAMBIA

By:  
Authorized Representative

Name:  A.I.B. CHIKWANDA

Title  MINISTER

Date:  19 AUG 2013
### Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Grid Reinforcement: Goods, works and services for ZESCO Subprojects under Part 1(a) of the Project</td>
<td>5,040,000</td>
<td>90%</td>
</tr>
<tr>
<td>(2) Energy Efficiency and Demand Side Management: Goods, works and services for Part 1(c) of the Project</td>
<td>960,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Grid Extension: Goods, works and services for Subprojects under Part 2(a)(i) of the Project</td>
<td>4,300,000</td>
<td>53%</td>
</tr>
<tr>
<td>(4) Solar Photovoltaic Systems: Goods, works and services for Part 2(a)(iii) of the Project</td>
<td>2,400,000</td>
<td>60%</td>
</tr>
<tr>
<td>(5) Grid Intensification: Goods, works and services for ZESCO Subprojects under Part 1(b) of the Project</td>
<td>3,700,000</td>
<td>59%</td>
</tr>
<tr>
<td>(6) Isolated Grids: Services and training to be financed under RE Grants made under Part 2(a)(ii) of the Project</td>
<td>600,000</td>
<td>100%</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>17,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Amount Cancelled under Part 2(a) (ii)(B) of the Project as at April 25, 2013

Total Original Credit Amount 20,100,000
Honorable Alexander Bwalya Chikwanda, MP
Minister for Finance
Ministry of Finance
P.O. Box 50062
Lusaka, Zambia

Dear Honorable Chikwanda:

Zambia: EC Grant for the Co-financing of Increased Access to Electricity Services
Project (Grant No. TF097260)
Extension of Closing Date

Pursuant to your letter dated April 25, 2013, requesting us to extend the Closing Date of the above-referenced Grant, I am pleased to inform you that International Development Association (the World Bank) concurs with your request.

Accordingly, the World Bank has established June 15, 2015 as the later date for purposes of Section 3.03 of Article III of the Annex to the Grant Agreement between the Republic of Zambia (the Recipient) and World Bank acting as administrator of grant funds provided by the European Union represented by the European Commission ("Donor") under the trust fund established for the Co-financing of the Increased Access to Electricity Services Project dated December 13, 2010.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Kundhavi Kadiresan
Country Director
Zambia, Zimbabwe and Malawi
Africa Region